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LB 1100

Revision: 01

Revised on 1/29/04 based on additional information and to include HHS fiscal notes.

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2004-05		FY 2005-06	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

*Does not include impact on political subdivisions. See narrative for political subdivision estimates.

LB 1100 amends the Developmental Disabilities Services Act. The bill provides that the Department of Health and Human Services Finance and Support (HHS) may establish priorities for funding where there is insufficient appropriation to serve all eligible persons. The determination of funding for services is to be based upon an objective assessment process. Current law is changed to provide that service coordination and services for children graduating from high school or reaching age 21 will be entitlements as long as there are legislative appropriations for such services. Federal Medicaid funding is to be maximized for eligible individuals. The bill also changes the process for persons to appeal the determination of eligibility and funding for services.

There is a waiting list for persons with developmental disabilities to receive services. Legislative appropriations have not been sufficient to fund all persons eligible for services. Current law provides two entitlements to services: service coordination for all eligible persons and services for high school graduates or those reaching age 21. The state has funded these entitlements since their inception in 1991. The bill provides that these services are entitlements only if there are sufficient appropriations for such purposes.

When funds are available to serve additional persons, HHS follows the priorities for service identified in current law. HHS has been using an objective assessment process (OAP) to determine client needs and funding for all persons who entered services since 1999. The adoption of the OAP was directed by a federal district court settlement. The process provides similar funding for persons with like needs as determined by the assessment instrument.

LB 1100 requires that the funding level for services as determined by the OAP be delivered through an individual program plan. Currently, the funding for persons with like needs who entered services prior to 1999 is variable. The use of the OAP will mean that some persons currently receiving services will receive additional funds for services and some persons will have a decreased level of funding for services based upon the OAP determined level of funding.

Implementation of LB 1100 to increase funding for some persons to the OAP determined level at the same time that the funding for others is decreased will have no net fiscal impact on the total amount of general funds provided for developmental disability services. If persons currently receiving services at a level of funding less than that identified by the OAP were to be increased to the higher level of funding and others that are receiving greater funding than the OAP determined amount were to be left at the higher level, then an additional \$2.2 of state general funds for developmental disability services would be required each month, or \$26.4 million annually.

Sections 6 and 7 change the process to appeal the determination of eligibility and funding for developmental disability services. Currently, persons may initiate a hearing with HHS regarding the determination of eligibility for services and funding. The ruling of HHS or its hearing officers may be appealed to the district court of the county where the person with the disability resides and subsequently to the Court of Appeals. While the appeal is in process, the decision is stayed. The bill provides that the hearing and appeal process will be conducted in accordance with the Administrative Procedure Act. Under this process, the decision of HHS or its hearing officer is not automatically stayed upon appeal, unless the district court stays such appeals. All appeal proceedings will also be held in Lancaster County rather than throughout the state. The change may decrease expenditures by the state to handle appeals.

HHS indicates that about 43% of persons receiving services, or 1,900 people, will have their current level of funding reduced by the OAP. It is assumed many of these individuals will initially appeal the reduction in funding. Under current law, HHS is required to conduct hearings for these appeals or hire hearing officers for such purpose, so the bill has no additional fiscal impact for appeal hearings by HHS.